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Agenda Item #4a –

**Approval of Minutes from
January 27, 2006:**

**LAFCO's 10th Annual Strategic
Planning Session**



DRAFT MINUTES

**LAFCO STRATEGIC PLANNING MEETING
Friday, January 27, 2006, 9:00 a.m.
Irvine Ranch Water District, Multi-Purpose Room
15600 Sand Canyon Avenue, Irvine**

(Any member of the public may request to speak on any agenda item at the time that item is being considered by the Commission.)

1. CALL TO ORDER

Chair Susan Wilson called the regular meeting of the Local Agency Formation Commission (LAFCO) to order at 9:10 a.m.

2. PLEDGE OF ALLEGIANCE

Commissioner John Withers led the pledge of allegiance.

3. ROLL CALL

The following commissioners and alternates were present:

- **Commissioner Robert Bouer**
- **Commissioner Bill Campbell**
- **Commissioner Arlene Schafer**
- **Commissioner Susan Wilson**
- **Commissioner Tom Wilson**
- **Commissioner John Withers**
- **Alternate Commissioner Patsy Marshall**
- **Alternate Commissioner Charley Wilson**

The following LAFCO staff members were present:

- General Counsel Clark Alsop
- General Counsel Scott Smith
- Executive Officer Joyce Crosthwaite
- Assistant Executive Officer Bob Aldrich
- Project Manager Carolyn Emery
- Project Manager Kim Koeppen
- Communications Analyst Danielle Ball
- Administrative Assistant Daphne Charles

4. APPROVAL OF MINUTES

a.) December 14, 2005 – Regular Commission Meeting

MOTION: Approve minutes from December 14, 2005 as presented and without revision

MOTION PASSED BY CONSENSUS

5. PUBLIC COMMENT

Chair S. Wilson requested public comments on any non-agenda item. Receiving no response, she closed the public comment agenda item without any comments from the public

6. COMMISSION DISCUSSION & ACTION

- a.) Review Session—Laws Applicable to Sexual Harassment (BB&K)
- b.) 2006 Annual Strategic Planning Session
- c.) Debrief from the Fifth Annual Orange County Leadership Symposium
- d.) Election of New Officers

6a. Review Session—Laws Applicable to Sexual Harassment (BB&K)

Executive Officer Crosthwaite explained that the presenter was unable to make the meeting, and the review session would likely be held during a future meeting.

6b. 2006 Annual Strategic Planning Session

Executive Officer Crosthwaite welcomed the Commission and audience members to LAFCO's 10th annual strategic planning session. She delivered a PowerPoint presentation highlighting the contents of the Commission's 2006-2007 Strategic Plan and 2006 Work Plan. Her presentation included sections on the following:

- Review of LAFCO's 2005 Work Plan
 - Islands – Ms. Crosthwaite indicating that special legislative provisions regarding island annexations would sunset in January 2007. She commented that Orange County LAFCO has had the most successful Islands Program in the state, annexing 26 of the 50 islands identified at the beginning of the program.
 - Municipal Service Reviews (MSRs) & Sphere of Influence (SOI) Updates – Ms. Crosthwaite stated that staff completed the two initial MSR prototypes, SOI updates for the initial MSRs, and 10 additional MSRs/SOIs in 2005. She anticipated that staff would have completed 70% of the MSRs and SOI updates by the close of 2006.

- Ms. Crosthwaite recognized staff members individually for their accomplishments.
- On behalf of the Commission and staff, **Chair S. Wilson** acknowledged the significant contributions of Executive Officer Crosthwaite. She said that it was Ms. Crosthwaite's hard work and stewardship that enabled the small staff to perform at such a high level.
- 2006 MSRs & SOI Updates
 - South County MSR/SOI Update – Ms. Crosthwaite stated that the Commission would consider the South County MSR, governance plan, and SOI updates in February 2006. This includes the Cities of Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano; the unincorporated communities of Coto de Caza, Ladera Ranch, Las Flores, Rancho Mission Viejo, and Wagon Wheel; and two special districts, the Santa Margarita Water District and Trabuco Canyon Water District.
 - Rossmoor/Los Alamitos/Seal Beach MSR/SOI Update – Ms. Crosthwaite reminded the Commission that it had continued consideration related to these MSRs/SOI updates for a period of six months so that it could consider the City of Huntington Beach's MSR and SOI update concurrently. The Commission will consider these MSR/SOI updates in March 2006. They include the Cities of Huntington Beach, Los Alamitos, and Seal Beach; the unincorporated communities of Rossmoor and Sunset Beach; as well as the Sunset Beach Sanitary District, Rossmoor/Los Alamitos Sewer District, and Rossmoor Community Services District.
 - City of Yorba Linda & Yorba Linda Water District MSR/SOI Update – Ms. Crosthwaite said that staff began work on these in 2005 and anticipated bringing them before the Commission for consideration in April 2006. **Commissioner Withers** said he understood that the Yorba Linda Water District has a small unincorporated island. Ms. Crosthwaite said that she would verify.
 - Central Orange County MSR/SOI Update – Ms. Crosthwaite said this project would involve six cities with unincorporated islands and boundary issues as well as two special districts: the Cities of Anaheim, Fountain Valley, Garden Grove, Santa Ana, Stanton, and Westminster; and the Garden Grove Sanitary District and Midway City Sanitary District. Ms. Crosthwaite indicated that staff would employ the stakeholder working group process for these agencies and would likely complete the project towards the end of 2006. **Commissioner Withers** clarified that the Garden Grove Sanitary District is a subsidiary district of the City of Garden Grove.

- Costa Mesa/Newport Beach MSR/SOI Update – Ms. Crosthwaite said this project would involve the two cities as well as two special districts: the Costa Mesa Sanitary District and Mesa Consolidated Water District. She further stated that staff would begin this project late in the year, as the cities' boundary committee is still considering the area's islands issues, and the Mesa Consolidated Water District is engaged in a strategic planning effort that will dovetail nicely with the MSR process. She anticipated that the project would overlap LAFCO's 2007 Work Plan.
- Orange County Water District MSR/SOI Update – Ms. Crosthwaite said that staff would complete this project in anticipation of an upcoming OCWD annexation. She added that the district just completed a long-term facilities plan and Environmental Impact Report, both of which would be used by staff for the MSR/SOI update.
- Municipal Water District of Orange County MSR/SOI Update – Ms. Crosthwaite indicated that MWDOC's service territory spans all but three Orange County cities, those belonging to the Metropolitan Water District: the Cities of Anaheim, Fullerton, and Santa Ana. She said staff would use the stakeholder working group process to complete MWDOC's MSR/SOI update.
- Harbors, Beaches, and Parks County Service Area 26 MSR/SOI Update – Ms. Crosthwaite said the project would come before the Commission for consideration in February 2006. **Commissioner Campbell** clarified that CSA 26 was related to Orange County's Harbors, Beaches, and Parks, a division of the County's Resources and Development Management Department.
- Island Annexations (La Habra, Placentia, and San Juan Capistrano) – Ms. Crosthwaite anticipated that these 15 island annexations (13 from La Habra and one each from Placentia and SJC) would be Orange County's final island annexations before the special legislation sunsets in January 2007.
- **Commissioner Peter Herzog** entered the strategic planning meeting.
- Prompted by a question posted by **Commissioner Withers**, Ms. Crosthwaite estimated that 20% of LAFCO's annual revenues are derived from project-related fees. She said the nature of much of LAFCO's project work makes it difficult to recover costs, even with the new fee schedule based on time and materials.
- **Chair S. Wilson** asked if staff had recovered the \$6,000 Registrar of Voters fee related to the failed Southwest Anaheim reorganization. Ms. Crosthwaite said that the City of Anaheim has not yet responded to LAFCO's requests. **Commissioner Marshall** volunteered to contact the

city on the Commission's behalf. Ms. Crosthwaite offered to bring an update to the Commission in February 2006.

- Facilitation Training – **Commissioner Withers** clarified that LAFCO staff would not be leading the training sessions. Ms. Crosthwaite confirmed that an outside facilitator would lead the sessions.
- Other LAFCOs – **Commissioner Campbell** applauded the idea of Orange County LAFCO staff contracting with other LAFCOs to help with project work. He suggested, however, that Ms. Crosthwaite add a “no piracy” clause to the contract should staff decide to pursue the endeavor. **Commissioner Withers** commented that the Irvine Ranch Water District does some contract work, as well, based entirely upon time and resource availability. He stressed that OC LAFCO work would take first priority. Legal Counsel Alsop interjected that staff sharing solutions are of great interest to CALAFCO.
- Master Property Tax Agreement – Ms. Crosthwaite clarified that LAFCO was not interested in renegotiating the tax split, only in defining the term “developed” so that it conforms to the language contained in the statutes. She anticipated it would only take a couple of meetings involving the County, LAFCO, and legal counsel. **Commissioner Herzog** suggested engaging cities in the discussions, as well. **Commissioner Campbell** recommended including the cities following the initial discussions between LAFCO and the County and then only if needed.
- Prompted by a question posed by **Chair S. Wilson**, Ms. Crosthwaite indicated that the special legislation related to island annexations enables cities to annex unincorporated territory 150 acres or less in size without protest. Legal Counsel Alsop added that the annexations must be completed by January 2007, after which the special island annexation provisions sunset.
- Public Comment
 - **Chair S. Wilson** invited public comments.
 - Paul Jones, General Manager of the Irvine Ranch Water District (IRWD), shared comments related to LAFCO's MSR Program, during which he thanked LAFCO staff. He said that the discussions incited by LAFCO's stakeholder working group process were a catalyst to the pending consolidation of the Santiago County Water District with IRWD.
 - Diana Leach, General Manager of the Mesa Consolidated Water District, posed some questions about the MSR process. Ms. Crosthwaite clarified that no action is required of LAFCO following

an agency's MSR and SOI update. Rather, the process, facilitated by LAFCO, is meant to incite discussion among the stakeholder agencies about future service provision.

- 2006 Work Plan
 - **Commissioner T. Wilson** requested that staff prioritize the projects included in the Commission's 2006 Work Plan and present it to the Commission for feedback at the February 2006 LAFCO meeting.
- Discussion of LAFCO's Sphere of Influence Policy
 - **Commissioner Herzog** made comments regarding the Commission's use of the "transitional sphere" designation. He suggested that the East Orange County Water District was the perfect candidate for the transitional sphere designation and expressed his disappointment that the majority of the Commission disagreed. He suggested that the transitional sphere designation be removed from the policy if the Commission did not intend to utilize it.
 - **Commissioner Withers** agreed that the transitional sphere designation is a valid and useful tool. He added, however, that the Commission will not always be in total agreement as to when to implement the designation. He suggested that the Commission has greater success when agencies come together voluntarily rather than when they perceive that the Commission is forcing them to do so.
 - **Chair S. Wilson** expressed concern that the Commission will not revisit EOCWD's sphere designation for another five years. **Commissioner Campbell** stated that the Commission will review EOCWD's sphere in two years, concurrently with the City of Tustin's SOI. He said that he cautioned EOCWD from the dais and intends to vote for a transitional sphere if the district ignores the Commission's prompts to continue discussions related to future service provision.
 - **Commissioner C. Wilson** commented that an agency should meet more than one of the criteria before the Commission assigns a transitional sphere. He cautioned that LAFCO does not want to be perceived as the Special District Consolidation Commission.
 - Ms. Crosthwaite noted that LAFCO has different powers and authority for cities and special districts. She further stated that the Commission had not reviewed some of the spheres for 15-20 years, adding that the process would get easier as the Commission, cities, and special districts became more familiar with the MSR process.

MOTION: Receive and file the Commission's 2006 Strategic Plan and adopt the 2006 Work Plan

MOTION PASSED BY CONSENSUS

6c. Debrief from the Fifth Annual Orange County Leadership Symposium

Executive Officer Crosthwaite opened the floor for Commission comments related to the fifth annual Orange County Leadership Symposium, which convened January 13-15, 2005 in Lake Arrowhead. The consensus among the commissioners was that OCLS V was the best of the symposia to date. They were hopeful that participants returned from the symposium with a specific application that could be employed "down the mountain." They also expressed the desire to expand the participant list in coming years and ensure that all Orange County cities are represented.

6d. Election of New Officers

Chair S. Wilson opened discussion on the election of new officers.

Commissioner Schafer nominated **Vice Chair Bouer** as Chair. **Commissioner Withers** seconded the motion.

Chair S. Wilson called for additional nominations and received none.

MOTION: Close nominations for the position of Commission Chair (Arlene Schafer)

SECOND: John Withers

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers

AGAINST: None

ABSTAIN: None

MOTION PASSED

MOTION: Elect Robert Bouer to the position of Commission Chair (Arlene Schafer)

SECOND: John Withers

FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer, Susan Wilson, Tom Wilson, John Withers

AGAINST: None

ABSTAIN: None

MOTION PASSED

Robert Bouer assumed the position of Commission Chair.

Chair Bouer opened discussion on the election of a Vice Chair.

Commissioner Withers nominated **Commissioner Campbell** as Vice Chair.
Commissioner Schafer seconded the motion.

Chair Bouer called for additional nominations and received none.

MOTION: Close nominations for the position of Commission Vice Chair
(John Withers)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer,
Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

MOTION: Elect Bill Campbell to the position of Commission Vice Chair
(John Withers)
SECOND: Arlene Schafer
FOR: Robert Bouer, Bill Campbell, Peter Herzog, Arlene Schafer,
Susan Wilson, Tom Wilson, John Withers
AGAINST: None
ABSTAIN: None
MOTION PASSED

Bill Campbell assumed the position of Commission Vice Chair.

Newly elected **Chair Bouer** presented a gift to past chair, **Commissioner S. Wilson**, thanking her for her hard work and dedication as the Commission's 2005 chairwoman.

7. COMMISSIONER COMMENTS

Chair Bouer opened commissioner comments.

Commissioner S. Wilson requested that her fellow commissioners forward their Executive Officer performance evaluations to her at their earliest convenience.

Trudy Ohlig-Hall, Director from the Costa Mesa Sanitary District, spoke from the audience, congratulating **Chair Bouer** on the 2006 LAFCO chairmanship.

Receiving no further response, **Chair Bouer** closed the commissioner comment agenda item.

8. INFORMATIONAL ITEMS

9. CLOSED SESSION

None

10. ADJOURNMENT

Chair Bouer adjourned the meeting at 10:48 a.m.

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JOYCE CROSTHWAITE
Executive Officer
Orange County Local Agency Formation Commission

By: _____
Danielle M. Ball
Communications Analyst/Commission Clerk